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# Agricultural Situation

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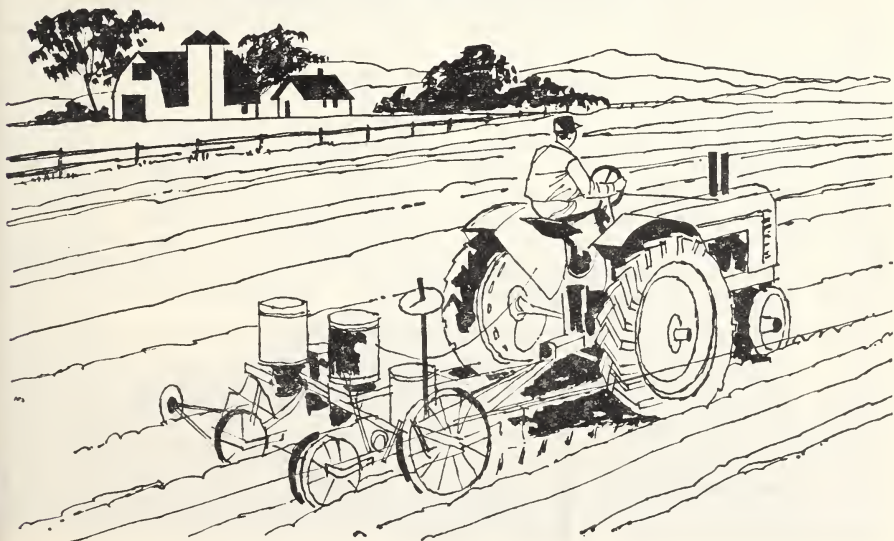
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## PICTURE LOOKS BETTER FOR FARM INCOME, PRICES

The outlook for farm income and prices in 1961 now seems more favorable than it did last fall. Realized net farm income, which totaled \$11.6 billion in 1960, will increase in 1961—possibly by about a billion dollars, or around 10 percent. Cash receipts from marketings are expected to be higher than earlier indicated, largely due to

increased price supports for major crops and dairy products, and a continued large volume of farm marketings. In addition, larger Government payments, including payments to co-operators for reduced acreage under the special feed grain program, are expected to add materially to farmers' gross receipts. Somewhat higher pro-



## PICTURE—Continued

duction expenses in prospect for 1961 will offset part of the indicated increase in farmers' gross receipts.

Higher cash receipts for crops in 1961 are expected primarily from cotton and oil crops, reflecting higher support levels and larger marketings. The increase in cash receipts for livestock products indicated for 1961 reflects larger receipts for meat animals, mostly cattle and calves, and for dairy products.

### Farm Output . . .

Farm output is likely to be near the record rates again in 1961. Feed grain planting intentions on March 1 were reported to total 149 million acres, 1 percent fewer than in 1960. Intentions, however, were reported before enactment of the feed grain program. Consequently, growers' early season plans may be subject to greater than usual changes.

Output of livestock and livestock products is likely to increase again this year, extending the uptrend of 1959 and 1960. Further increases in marketings of cattle and calves are in prospect, but hog marketings may not reach the level of 1960. So far this year hog slaughter is well below a year ago, but the spring pig crop may be up as much as 5 to 7 percent from 1960. Milk production is expected to continue to rise this year. Production of eggs, broilers, and turkeys is also likely to exceed 1960.

Average prices for livestock and livestock products in 1961 will average close to 1960. Prices of meat animals are likely to average about the same as in 1960. Hog prices probably will continue relatively favorable until around midyear. During the fall price

decline, prices will likely drop below the relatively high levels that prevailed in the fall of 1960. Prices for cattle are expected to average about the same as in 1960.

Dairy product prices in 1961 most likely will average above the 1960 levels, reflecting higher support prices for manufacturing milk and butterfat. Egg prices this spring are below corresponding 1960 prices and probably will continue to average somewhat below year-earlier levels as supplies increase relative to a year ago. Prices for broilers and turkeys in 1961 are also expected to average below 1960 as larger supplies are marketed.

Prices received by farmers for crops in 1961 most likely will average higher than estimated last fall due primarily to the higher support levels recently announced for such major commodities as cotton, feed grains, and oil crops, including soybeans. The special feed grain program and the degree of participation in the program will be an important influence on prices in the latter part of 1961.

### Farm Product Prices . . .

Wheat prices may continue close to 1960 levels. Supplies continue record large, but the "advance" minimum national average support price for 1961 crop wheat is the same as for 1960.

Higher production expenses in prospect for farmers during 1961 will offset a small part of the indicated increase in farmers' gross receipts. During the first quarter of this year prices paid by farmers for production items including interest, taxes, and wage rates averaged 1 percent above a year earlier, and they will likely continue higher than 1960 for the remainder of 1961.

Expenditures for feed and feeder livestock may be above 1960. Feed grain

*(continued on p. 14)*

**The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.**

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# SOYBEANS, EVER UPWARD

Upward in a hurry—that has been the postwar trend of soybean acreage and production in the United States.

In the past 30 years the value of the soybean crop has increased a hundred-fold. Today it is worth over a billion dollars annually and ranks fifth among the cash crops in this country.

Acreage of soybeans planted alone for all purposes has risen from 1.5 million acres in the mid-1920's to a record 26.4 million acres indicated by March 1 planting intentions for 1961. An increase in yields per acre during this time has brought soybean production up even more—from 5 million bushels to about 600 million bushels.

Many developments have contributed to this sharp upturn in soybean acreage, yields, and production. Three stand out.

- New varieties of soybeans have been developed. These varieties are better suited to both old and new production areas. As a result there has been a marked increase in yields and a widening of the area within which soybeans can be grown competitively. Im-

provement in relative returns from soybeans has been brought about mainly by reduction in costs through mechanization and the increase in acre returns from the higher yields.

- The program of price supports and acreage restrictions for corn, cotton, and wheat has resulted in diversion of some land from these crops to soybeans.

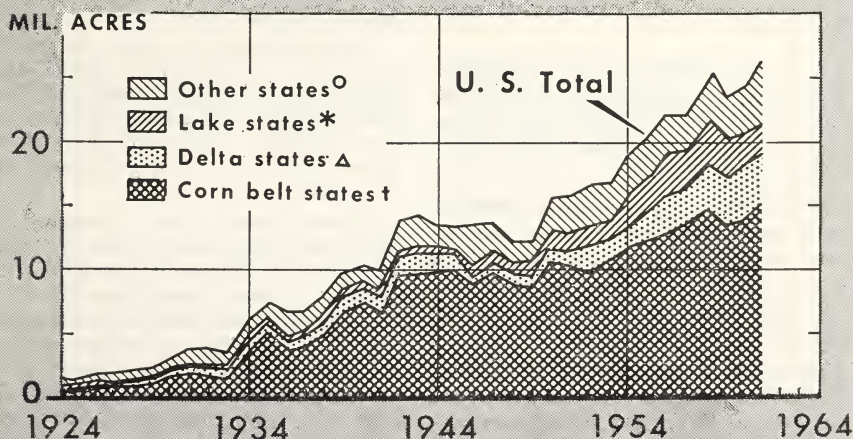
- An increase in tractor farming has led to a decline in use of horses and mules, which in turn has led to a dwindling requirement of grain feed for work stock. Farmers have diverted some of their acreage formerly in oats to soybeans.

Soybean acreage in the United States has increased 125 percent during 1949–60, while cotton acreage dropped 44 percent; wheat acreage, 31 percent; oats, 28 percent; all hay, 5 percent; and corn acreage, 4 percent.

Up to 1941 more than half of the soybean acreage consisted of soybeans grown for hay, grazing, or green manure. The peak acreage thus used was 7 million acres in 1940.

During the 1940's heavy wartime de-

## SOYBEAN ACREAGE PLANTED FOR ALL PURPOSES



<sup>o</sup> ATLANTIC COAST STATES, PLAINS STATES AND ALL OTHER.

\* MINNESOTA, WISCONSIN AND MICHIGAN.

<sup>Δ</sup> ARKANSAS, MISSISSIPPI AND LOUISIANA. <sup>†</sup> ILLINOIS, IOWA, INDIANA, OHIO AND MISSOURI.

1961 DATA BASED ON MARCH 1 INTENTIONS

U. S. DEPARTMENT OF AGRICULTURE

REG. ERS 75-61 (4) ECONOMIC RESEARCH SERVICE

## SOYBEANS—Continued

mands for all fats and oils touched off a rapid expansion in soybean acreage. The hostilities cut off many of our Far Eastern supplies of fats and oils for both food and nonfood uses. Soybean oil helped fill this gap.

In addition, rising wartime incomes resulted in heavier demand for meat, which in turn meant a greater need for protein feed for expanding livestock numbers. Soybean meal helped fill this gap.

Other reasons for the rapid rise of the soybean crop in the 1940's were higher government price supports and relaxation of acreage controls. Before World War II the United States was a net importer of fats and oils but during the war we became self-sufficient. In the postwar era the United States has become the world's leading producer and exporter of fats and oils, primarily reflecting the sharp increase in soybeans. Soybean oil alone has accounted for over 90 percent of the total increase in food fat supplies since the 1930's. Also, the growth in availabilities of soybean meal has been associated with the rapid rise of the mixed feed industry.

Soybean acreage planted for all purposes jumped from about 12 million acres in 1949 to 15 million acres in 1950. Acreage increased every year after that until 1958, when it reached 25 million.

Soybean plantings then dropped in 1959 and 1960 to the 23- to 24-million-acre level. But farmers have indicated that they intend to plant a record 26.4 million acres in 1961.

During the 1950's soybean plantings were encouraged by acreage restrictions on cotton, corn, and wheat and by development of new varieties suitable for other areas of the Midwest and for the South.

The Corn Belt today is the leading production area for soybeans, as it has been since 1925. Its relative importance as a producing area has declined, however, since the end of World War II because of rapid increases in production in other sections of the country—

particularly the Delta States and the Lake States.

From 1925 to 1929 about half of the total acreage planted to soybeans in the United States was in the Corn Belt. This concentration became more pronounced each year afterward until it reached a record 75 percent during 1944 and 1945.

After World War II the proportion of soybean acreage situated in the Corn Belt declined steadily from 75 percent in 1945 to 58 percent in 1959. The total acreage, however, was trending upward at this time.

The greatest expansion in soybean acreage outside the Corn Belt has occurred in the Delta States. Acreage in these States jumped from 735,000 acres in 1946-49 (6 percent of the U.S. total) to 1.2 million acres in 1950 (8 percent of the total). It has generally trended upward since 1950 to 3.8 million acres (15 percent of the U.S. total) indicated for 1961.

The longrun uptrend in yields was from 11 bushels per acre in 1924 to a record 24.3 bushels in 1958.

Yield rose steadily from 11 bushels in 1924 to 18.7 bushels in 1937-41. This prewar rise resulted both from an increasing proportion of total acreage planted to good seed-producing varieties and from replacement of binders and threshers with combine harvesters. The combines recovered a larger percentage of the crop.

During World War II the uptrend in yields was halted temporarily. Rapid expansion of acreage brought soybeans into new areas for which varieties were not adapted. And many farmers who grew soybeans lacked experience with the crop.

The uptrend in yields resumed after the war. They rose from 16.3 bushels per acre in 1947 to 24.3 in 1958. The postwar upward trend, like that before the war, resulted from improvement of varieties and mechanization of harvesting operations. In addition it was encouraged by farmers' experience with the crop, better management of soils, more timely operations, and other improved practices.

George W. Kromer  
*Economic Research Service*



# OUTLOOK



## Wool

Domestic consumption of wool—mill consumption plus the import balance of foreign trade in wool manufactures—in 1961 probably will be less than in 1960. World wool prices can be expected to remain relatively stable during the next several months. There is a slowing down of economic growth in many of the major wool manufacturing countries, increasing competition of other fibers and an approximate balance of world wool supplies and disappearances.

## Tobacco

The demand for cigarette tobaccos is expected to continue strong in the coming season. Cigarette output probably will reach a new high in 1961.



## Vegetables

Supplies of vegetables for fresh market sale are likely to be moderately smaller during the next 4 to 6 weeks than a year earlier. Among the more important vegetables, substantially larger production than last year is in prospect for early spring cabbage and spring celery and spinach, and a moderately larger production for early spring cucumbers. Prospective production is materially smaller than a year earlier for early spring asparagus, snap beans, sweet corn, lettuce and onions, and spring carrots, green peppers, and

eggplant, and moderately smaller for early spring broccoli, cauliflower, and tomatoes.



## Hogs

Hog prices have fluctuated within relatively narrow limits thus far this year. Prices will probably continue relatively stable for several weeks before a small seasonal advance this summer. Prices this summer may average about as high as last summer. Hog prices this fall will be somewhat lower than last fall but above late 1959 prices.

## Wheat

The 1,099 million-bushel estimate for the winter wheat crop is below the huge 1960 crop. It ranks as the third largest crop of record and would be almost a third above the 1950-59 average.

## Cotton

The carryover of cotton on August 1, 1961 is expected to be about the same as the 7.6 million bales a year earlier. Disappearance during the 1960-61 marketing year of about 14.5 million bales is expected to about balance production plus imports. The 1960-61 disappearance compares with 16.2 million bales of a year earlier. The smaller

## OUTLOOK



### Continued . . .

disappearance is due to smaller exports and a cutback in domestic consumption.



### Sheep

A strong seasonal uptrend in lamb prices is indicated this spring as slaughter of old crop lambs is largely completed, but it no longer appears likely that prices will reach last year's levels at that time. Sheep and lamb slaughter during the next few months will probably be seasonally smaller and near that of a year earlier. The early lamb crop this year is about 4 percent above a year ago and growth and development has been faster than usual.

### Broilers

Hatchings of broiler chicks rose through April, suggesting increases in supply through June. Inspected slaughter from January through April 1961 has been 16 percent above last year, and this rate will likely climb, because chick hatchings and egg settings in April exceeded 1960 by more than one-fifth.

### Feed

Feed grain production in 1961, with an average growing season, probably will drop somewhat below the record output of 168 million tons in 1960. The size of the feed grain crop also will depend on participation in the 1961 emergency feed grain program. Prices of feed grains probably will continue below a year earlier this spring and summer, but probably will average higher in the last quarter of the year than in 1960 when prices were the low-

est since World War II. Prices of high-protein feeds probably will continue above a year earlier at least through spring and summer.

### Eggs

Egg production in early April was near the season peak, and exceeded last year. Prices since have been below 1960. At the lower price level that has prevailed since the last few days of March, large scale breaking of eggs has begun for the preparation of frozen egg. This source of demand may provide a floor that will keep prices for the remainder of the spring from falling significantly below early May levels.

### Turkeys

Turkey production is above 1960, and will continue so into the fall. Slaughter in federally inspected plants in January through April 1961 has been 51 percent above 1960. Hatchings and egg settings to April 1 this year are about 25 percent above 1960.

### Potatoes and Sweetpotatoes

Remaining supplies of fall crop potatoes in April appeared somewhat larger than a year ago, and indicated production of early spring potatoes is up almost a fifth. The smaller remaining supplies of sweetpotatoes are expected to continue to move at prices considerably above those of a year earlier.



### Dairy

Milk production is expected to be higher than the 122.9 billion pounds of a year earlier, and could break the record of 124.9 billion pounds of 1956. Prices received by farmers for milk will be higher in 1961 than in the year before, but not by the full extent of the increase in price supports. Prices to consumers for milk and dairy products this year are expected to average 1 to 2 percent higher than in 1960.



# FEWER FARMS ARE PRODUCING EGGS

More than 80 percent of our farms had chickens and produced eggs 15 or 20 years ago. Chickens were then the most widely distributed farm enterprise. The number of farms on which chickens were kept exceeded the number reporting any other class of livestock.

## Three Classes . . .

This has since changed. The 1959 Census of Agriculture reported that more farmers had cattle on hand—whether beef or dairy—than the number of farmers reporting chickens. And of the 2.2 million farms reporting chickens, only half sold eggs.

From this we can classify farm families into three groups so far as their egg production and supply is concerned. The first group—1.5 million farmers—has no chickens over 4 months old and must buy eggs.

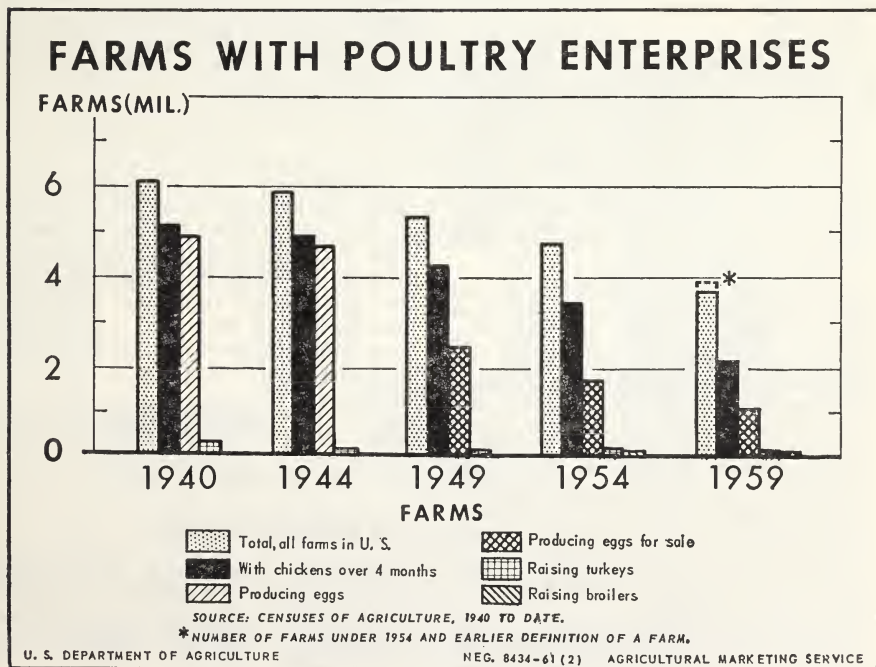
The next group, 1.1 million farmers, has chickens over 4 months, but sells no eggs. Presumably these chickens are in small flocks producing eggs intended for home consumption.

Finally, there are another 1.1 million farmers who sell eggs. They produce the salable supply of about 4.5 billion dozens a year which serves as the basis for commercial table egg supply, as the raw material for commercial egg breaking, and as hatching eggs.

## Larger Flocks . . .

With eggs being sold from only slightly more than 1 million farms, and with an even smaller number of commercial specialized producers supplying the bulk of the output, one thing is obvious. The impression of egg production as a widely distributed pin-money enterprise is no longer accurate.

Edward Karpoff  
*Economic Research Service*



# PEANUTS—MORE POPULAR THAN EVER

The peanut is one of the treasures discovered in the New World by early explorers. It probably originated in Brazil, but now is grown in many areas throughout the world. Sometimes called a goober, groundpea, or groundnut, this little fellow ranks high as a food and feed crop.

## Production

Last year, farmers produced about 1.8 billion pounds and averaged about 1.6 billion during the 10-year period from 1949-58—a fairly stable record. Peak production was reached during World War II.

During most of the war and years immediately following, volume exceeded 2 billion pounds annually, reaching an all-time high of 2.3 billion in 1948. In 1959, the crop ranked 17th among all crops in cash value, bringing in nearly \$150 million to growers.

About 97 percent of the quantity harvested each year is sold. The remainder is kept on the farms primarily for feed, seed, and household use.

Consumers are becoming more aware of the special qualities of peanuts. During the 1949-50 season about 502 million pounds of shelled raw peanuts were used in making products such as peanut butter, salted peanuts, candy, peanut butter sandwiches, and other edible items. Ten years later, 729 million pounds of shelled peanuts went into these products.

During the 1959-60 season, we used about 83 million pounds of unshelled peanuts for roasting. Roasting together with primary edible products utilizes about three-fourths of the total national production.

Peanut butter is the main food item produced from the peanut. Last season, 366 million pounds of shelled peanuts were used in peanut butter. There were 190 million pounds used as salted peanuts, 141 million in peanut candy, and 31 million in sandwiches and other minor edible products.

Crushing for oil and meal is another important outlet for peanuts. From

1950 to 1960, an average of 196 million pounds of shelled peanuts were crushed each season but fluctuated from a high of 403 million pounds in the 1950-51 season to a low of 72 million in the 1954-55 season. Crashings during the past 5 seasons have been somewhat more stable and averaged 197 million pounds.

In the United States, production of peanuts is confined almost entirely to the Southern States. There are three main producing areas—The Virginia-Carolina, the Southeastern, and Southwestern.

The bulk of production in the Virginia-Carolina area is in North Carolina and Virginia. Here large podded bunch and runner type peanuts are grown. In the Southeastern area, Georgia and Alabama are the largest producers.

The crop in the Southeast is made up of two principal smaller podded types—southeastern runners and Spanish. Texas and Oklahoma are the important States in the Southwest where the Spanish peanut is the principal type. However, in New Mexico, a small acreage of Valencias—a roasting type peanut—is grown.

## Hay

Growers save the vines for hay on about a third of the acreage harvested. Around 391,000 tons of hay were made from the 1960 crop. However, due to modern methods of harvesting nuts, the practice of returning vegetative matter to the soil, and competition from other forages, the use of peanut vines for hay is dropping off.

William C. Hinson, Jr.  
*Statistical Reporting Service*

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## THE FARMER'S SHARE

The farmer's share of the consumer's food dollar was 40 cents in February 1961, a cent higher than in January. In February 1960 the farmer's share was 38 cents.



# GRAIN STORAGE SPACE HAS INCREASED

The big grain crops of recent years have created a need for more storage space. This need has been met, but at times our storage capacity has been fully taxed—resulting in grain moving into storage in locations far removed from the normal storage positions.

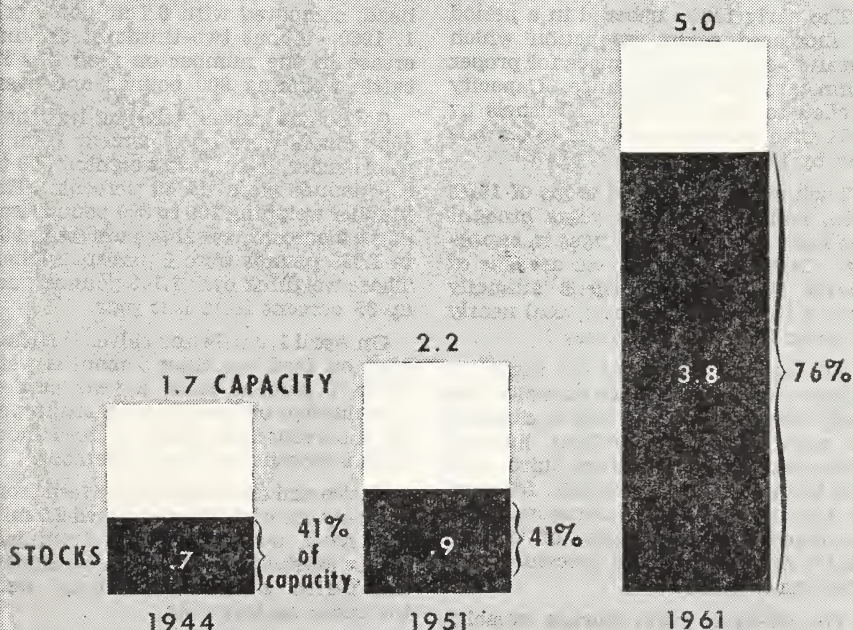
Grain storage falls into three categories:

1. Farm storage.
2. Commercial off-farm storage.
3. Off-farm storage owned or under the control of the Government.

The amount of storage space available on farms has grown considerably in the past decade. Figures on farm storage capacity are not available, but our farms are capable of storing a minimum of nearly 5 billion bushels. There was that much grain stored on farms this past January 1—the largest farm holdings of record.

## COMMERCIAL OFF-FARM GRAIN STORAGE\*

(billion bushels)



\* January 1



## STORAGE—Continued

Assuming that the total farm storage capacity is never completely filled at any given time, it seems reasonable that farm capacity could have been as high as 6 billion bushels on January 1.

Commercial off-farm grain storage was estimated at nearly 5 billion bushels on January 1, 1961. This includes the capacity of elevators, warehouses, terminals, mills, ships under private control, and oilseed crushers who store grain. This capacity does not include CCC bins, "mothball" ships under Government control, rice warehouses, or any other facility that has storage space, but does not normally store grains.

Commercial storage capacity off-farms was estimated to be 1.7 billion bushels in 1944. Storage space increased to about 2.2 billion bushels by 1951 as grain consumption held carry-over supplies to relatively low levels and provided adequate space to house the next crop.

The early 1950's ushered in a period of increased grain production which began to demand more space for proper grain care and maintenance. Capacity swelled to nearly 3 billion bushels by 1954 with further increases to 3.5 billion by 1957.

Then came the record crops of 1958, 1959, and 1960. These years brought the most significant changes in capacity. Capacity increased an average of nearly 500 million bushels annually during this 3-year span to total nearly 5 billion bushels on January 1.

Kansas and Texas led the States in commercial grain storage capacity this past January 1. Each had a capacity of more than 750 million bushels. Nebraska ranked a distant third with less than 500 million bushels, followed by Illinois, Iowa, and Minnesota. The combined storage capacity of these 6 States accounted for 60 percent of our off-farm capacity.

The off-farm grain storage capacity owned or under the control of the Government largely represents CCC bins having a total capacity of almost 1 billion bushels.

The mothball ships, under control of the Government and used to store

grain, contribute varying amounts to the total storage capacity, depending on the amount of grain held in such space. On January 1, 1961 the Government had about 38 million bushels of wheat stored in ships.

Our total storage capacity—farm, commercial off-farm, and Government storages—is about 12 billion bushels. The stocks of grain in all positions on January 1, 1961 totaled 9.5 billion bushels, which represents nearly 80 percent of our total capacity.

John W. Kirkbride  
*Statistical Reporting Service*

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## MORE CATTLE ON FEED

Producers had 5 percent more cattle and calves on feed for market on April 1 than a year earlier in the 26 major feeding States—North Central States, Western States, Pa., Okla., and Tex. The number on feed totaled 7.0 million head, compared with 6.7 million April 1, 1960. About two-thirds of the increase in the number on feed was in cattle weighing 900 pounds and over.

Cattle and calves weighing less than 500 pounds were up 3 percent from a year earlier, and those weighing 500 to 699 pounds were up 10 percent. The number weighing 700 to 899 pounds was down 6 percent, but those weighing 900 to 1,099 pounds were 6 percent higher. Those weighing over 1,100 pounds were up 35 percent from last year.

On April 1, cattle and calves that had been on feed less than 3 months were down 1 percent from a year earlier. The number on feed 3 to 6 months was up 8 percent and those on feed more than 6 months were up 15 percent.

Cattle and calves placed on feed from January through March totaled 2.7 million head, down 3 percent from last year. Marketings of fed cattle during this period, at 3.3 million head, were the same as last year.

Cattle feeders expect to market 3.3 million fed cattle during the second quarter this year—7 percent more than marketed during April, May, and June of 1960.

Dan L. Herbert  
*Statistical Reporting Service*

# THE NATION'S FOOD MARKETING BILL IS UP

When an agricultural economist refers to the marketing bill, he is talking about all the charges for marketing domestic food products sold to civilian consumers in the United States.

Over the past 20 years, the marketing bill has more than quadrupled in size, mainly because of three things: Marketing costs per unit sold are going up; there is a greater volume of products being handled; and there is an increase in marketing services such as processing, packaging, transportation, refrigeration, and meals eaten away from home.

In 1940 the marketing bill was \$9.0 billion. By 1960 it had risen to \$40.0 billion. During this period, farmers' receipts from the sales of food products climbed from \$5.5 billion to \$20.0 billion, while consumer expenditures jumped from \$14.5 billion in 1940 to \$60.0 billion in 1960.

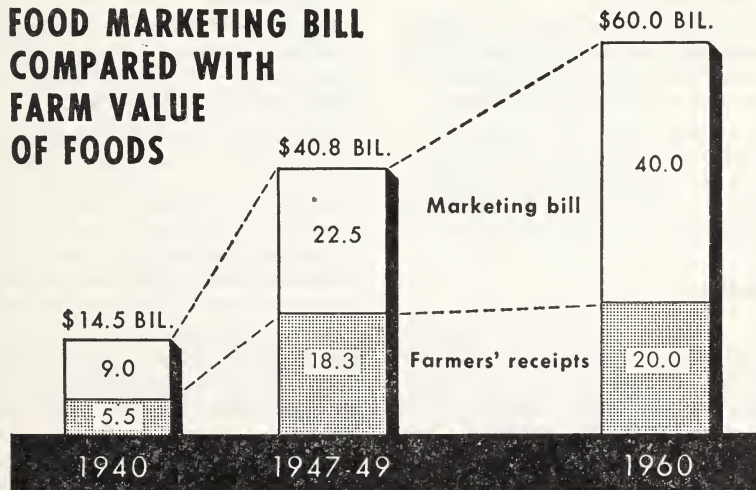
Farmers' receipts often have not advanced with this growth in the marketing bill. Between 1951 and 1960 the marketing bill and consumer expenditures increased each year, but in sev-

eral years farmers' receipts dropped. They varied from \$18.3 billion in 1955 to \$20.7 billion in 1958.

The chart "Factors in Rise of Marketing Bill Since 1940" shows why the marketing bill increased by about \$31.0 billion between 1940 and 1960. The volume or quantity of food marketed increased 53 percent. Charges for carrying on marketing operations rose 134 percent on an average for each product unit marketed. The increase in operational costs reflects the general rise in costs and profits since 1940 which, together with increased marketings, boosted the marketing bill by about \$23.5 billion.

It is estimated that marketing charges accounted for approximately \$15.0 billion of this increase, while the expanding volume of products marketed took about \$8.5 billion. Payments made by consumers for the increase in marketing services per unit of product handled accounted for the remaining \$7.5 billion increase in the marketing bill during the 20-year period.

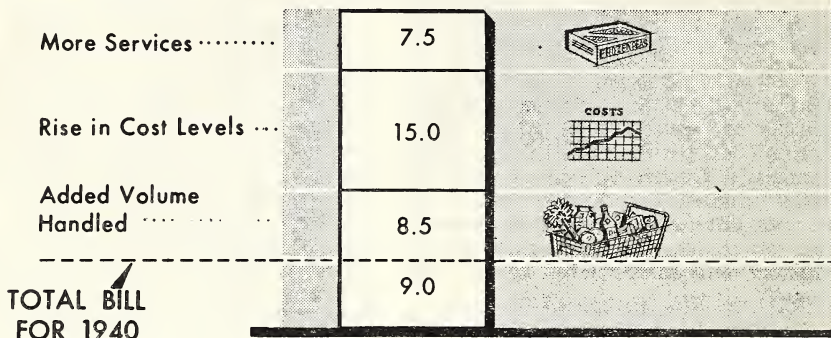
## FOOD MARKETING BILL COMPARED WITH FARM VALUE OF FOODS



# FACTORS IN RISE OF MARKETING BILL SINCE 1940

Increase owing to:

\$40 BIL. in 1960



U. S. DEPARTMENT OF AGRICULTURE

NEG. 1971-60 (12) AGRICULTURAL MARKETING SERVICE

## MARKETING BILL—Continued

Labor costs per unit of product marketed in 1960 were more than double those in 1940. But due to a better output per man-hour, these costs have not increased half as much as average hourly earnings of food marketing workers.

Marketing costs per unit of product have also been boosted by rising freight rates and prices of other goods and services bought by marketing firms.

Profits per unit of product also doubled from 1940 to 1960. Profits (before taxes) of food marketing corporations have made up 5 to 6 percent of the marketing bill in recent years.

## Publication . . .

The recently published, 16-page, USDA booklet, "Food Costs," MP No. 856, pretty well covers this and other information on retail prices, farm prices, and marketing spreads. You may obtain a free copy from the Office of Information, U.S. Department of Agriculture, Washington 25, D.C.

Robert E. Olson  
*Economic Research Service*

## Economic Services Reorganized

You will probably soon notice a new name on your questionnaires and reports—the Statistical Reporting Service. The Agricultural Estimates Division and Crop Reporting Board are no longer a part of the Agricultural Marketing Service.

Recently Secretary of Agriculture Orville L. Freeman announced a reorganization of the agricultural economics services of USDA.

The Department's economic research and statistical reporting work will be carried on in two new agencies—the Statistical Reporting Service and the Economic Research Service. Before the reorganization, the economic functions and activities of the new agencies were scattered in the Department.

Secretary Freeman said the changes will result in better and more expeditious service using existing personnel and operating within the present budget.

The Statistical Reporting Service will administer the crop and livestock reporting programs and review, coordinate, and improve statistics in the Department.



# BUILDUPS IN WHEAT CARRYOVER TO CONTINUE

U.S. wheat carryover on July 1 may be around 10 percent larger than a year earlier. And a further increase appears likely on July 1, 1962.

The supply of wheat in the 1960-61 marketing year is estimated at 2,684 million bushels. Domestic disappearance is estimated at about 610 million bushels and exports at about 620 million. Exports of wheat and flour, from last July through this March, at about 490 million bushels, are about 142 million above the same months last season. Exports during the 1959-60 season totaled 510 million bushels.

Estimated disappearance in 1960-61 indicates a carryover July 1, 1961 of about 1,455 million bushels, an increase of 141 million bushels from a year earlier. Indicated increases of 151 million bushels in hard red winter, 15 million in hard red spring, 3 million in soft red winter, and 3 million in durum more than offset an indicated 31-million-bushel reduction in white wheat.

The 1961 winter wheat crop was estimated as of April 1 at 1,099 million bushels. The first estimate of spring wheat will be reported on June 9. If growers carry out their seeding intentions and if yields per seeded acre about equal the average of the last 5 years, a spring wheat crop of about 228 million bushels would be produced. This, together with the estimated winter crop, would give us a total crop of about 1,325 million bushels. This crop would be 3 percent below the 1,363-million-bushel crop in 1960, but 21 percent above the 1950-59 average, and the fourth largest crop of record.

A crop of 1,325 million bushels would exceed probable disappearance in 1961-62. Domestic disappearance may total about the same as the 610 million bushels estimated for this year and exports are assumed at about 600 million bushels. This would leave a carryover on July 1, 1962 of 1,580 million bushels, about 125 million bushels larger than the carryover estimated for July 1, 1961.

Cash wheat prices at terminals declined generally since reaching highs for the season in late January and early February. When prices were near or above support levels, substantial quantities of loan wheat were redeemed and sales were increased. This in turn increased free supplies to a level considered sufficient to cover requirements until new-crop wheat becomes available and resulted in a seasonal decline in prices occurring earlier this year than is customary. If a shortage in free supplies of any class of wheat should develop, it would temporarily increase prices in those markets affected.

Prices of winter wheat usually start to adjust downward to new-crop conditions in mid-May and reach their lows in late June or early July. Prices of spring wheat reach their lows later than those of winter wheat because of the later harvest.

The minimum national average support price for 1961-crop wheat was announced on July 5, 1960, at \$1.78 per bushel—the same as the 1960 average support price. The \$1.78-per-bushel minimum average support is 75 percent of the July 1960 parity price of \$2.37 per bushel. This advance minimum support price will not be reduced, but it would be raised if the parity price at the beginning of the 1961 marketing year should be higher.

In 1960-61, the average price to growers, including an allowance for unredeemed loans and purchase agreement deliveries valued at the average support rate, may be slightly less than the \$1.76 average price to growers in 1959-60. The support rate for the 1960 crop at \$1.78 is 3 cents lower than that for the 1959 crop.

With the likelihood that in 1961-62 large quantities of wheat will again be placed under the support program and that exports will continue very large, prices may be expected to average close to the announced support and above the effective level, as they are in 1960-61.

Robert Post  
*Economic Research Service*

# WATCH BYPRODUCT FEED PRICES

What protein or byproduct feeds are you thinking of buying this summer?

If your feeding operation or local conditions restrict you to a particular type of byproduct feed, you can do little to gain the advantage of seasonal price change in these feeds. However, many feeders are not restricted to this degree and can substitute, within certain limits, the types and amounts of byproduct feeds they use. While commercial feed manufacturers buy a large portion of the supply of many byproduct feeds, sizable quantities still are available to feeders.

A recent study made by the USDA shows the normal month to month changes in prices of many byproduct feeds. The study was based on prices during 1948-59 and the wholesale market considered to be most important for each feed. Feeders would have to consider the findings of the study on the basis of local prices, relative feeding values either in protein or total digestible nutrients, and any special requirements they make of a feed.

Here are some of the findings:

Soybean and cottonseed oilmeal—the two principal oilmeals—have slightly different seasonal price patterns. Soybean meal prices at Decatur normally rise from October to July and then decline.

Cottonseed meal prices at Memphis rise during the fall. After reaching a peak in January they drop to a level that is normally maintained until June. During July and August they rise to the highest level of the year.

For cattle feeders or any others who can shift between these two feeds, the difference in these price patterns can be important. Instead of buying a particular feed when prices are low and storing it for future use, the feeder may shift to the other feed.

Meat meal, a leading animal protein, has a seasonal price pattern at Chicago that is almost opposite that of fish meal—another major source of animal protein. Meat meal prices are high from July through September when fish meal prices at Buffalo are normally at their lowest. From December through April this situation is reversed.

Wheat millfeeds at Minneapolis and alfalfa meal at Kansas City both have very pronounced seasonal price patterns. In fact, that of alfalfa meal is the most extreme of any of the 16 feeds studied. This feed is usually very low in price during the summer when production is very heavy, but makes a very sharp rise to its winter high. Wheat millfeed prices follow somewhat the same pattern as feed grains.

In considering seasonal price changes of the various protein or byproduct feeds, one can not overlook local conditions or conditions arising as a result of a particular situation. A late spring, an extra severe winter, or any of a number of similar things can result in an unusual demand. Likewise, there are fluctuations in the supply that can not always be foreseen. Many such situations are probably reflected in these seasonal price patterns, but no measure of their influence is available.

Another word of caution is that the seasonal price pattern is changing for a number of these feeds. Both soybean meal and cottonseed meal showed less than an average seasonal rise in the later years of the period studied than in the earlier years.

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## PICTURE—Continued

prices during 1961 are expected to average close to a year earlier, but protein and byproduct feed prices will likely rise some from 1960 levels. Feed purchases are expected to be larger in 1961 as production of livestock products increases. Prices of feeder livestock for the year as a whole may average little different from 1960, but the volume of purchases is expected to be higher.

Charges for taxes and interest also will increase. With prospects for some rise in prices of products of nonfarm origin, many miscellaneous production expense items are expected to be higher in 1961.

Exports of agricultural commodities in fiscal year 1960-61 are likely to total well above the \$4.5 billion of 1959-60.

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# *"Bert" Newell's*

## Letter

A fellow has to be just a "leetle" bit careful about how he criticizes. Sometimes this can be a "left-hand" way of bragging. Back in the horse and buggy days there was a country doctor around our neck of the woods who had this technique down pat. Actually, he was a real nice old fellow—at least he seemed old to me—and all of us kids liked him very much. He never objected when we hooked our sleds behind his sleigh; in fact, he never seemed to notice even if there were a dozen of us catching a free ride. I do remember, though, how he always touched his horse into a brisk trot so we felt like we were flying, and then slowed down at the top of a hill about a half mile from home where we could all cut loose and coast back nearly half the way.

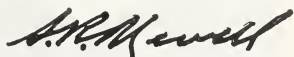
But I'm getting off the subject. One day Doc stopped at our house. I don't know what for; perhaps one of us had a little fever or something, but, anyway, Father asked about old Jim. Jim was the patient of another doctor, and they'd had to send him to the hospital. In those days going to the hospital almost called for notifying the next of kin. "Yes," said Doc, "it's too bad, but it needn't have been so if they had just" and then he launched into some words that didn't mean anything to me and finished up by saying, "Oh, we all make our mistakes, but in this case it seemed to me the indications were pretty clear." After he had gone, Father remarked to Mother that it seemed to him Doc always built up the idea that other cases were really quite simple; but when he took a case, it was always a serious matter that would require the utmost skill to pull the patient through.

It's an old game, and I guess most of us indulge in it once in a while. March and April must be about the seasonal peak for such pastime. It was only a few weeks ago that my neighbor Bill

and I stopped pulling weeds long enough to visit over the fence about the way the income tax procedure could be simplified. We got it down to where you could handle the whole return on not much more than a post card—well, maybe not quite that easy but, still, with our "expert" knowledge we got it down to a pretty simple procedure. We dismissed a few complications as mere detail that could be worked out pretty easily. Yes, we were just doing a bit of bragging while we rested from our weed-pulling job.

We get our share of criticism, too. A while back a man came by to tell me all the things that were wrong with a schedule. It didn't look so bad to me, but he said we could get better results with about two or three simple questions. I explained some of the complications involved in so-called simple questions. It isn't as easy as it might look to ask a question so that some 100,000 respondents will understand exactly what you mean. Even where a person actually visits a respondent and asks the questions, we have to make sure that every enumerator asks the questions in exactly the same way. If they don't, we end up with a lot of pieces that can't be put together. It all gets very complicated, but we try to keep inquiries as simple as possible and still get results that can be put together in a meaningful report.

Once in a while we get criticism that reminds me of the old doctors. We sometimes call it "second guessing" or Monday morning quarterbacking. However, the vast majority of the comments from our voluntary reporters are of a different kind. They often point out new developments and help us to keep the service up to date. So keep them coming.



S. R. Newell  
Chairman, Crop Reporting Board, SRS



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Growth Through Agricultural Progress

**May 1961**

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